

August 21, 1986

Centex Construction Company, Inc.
2947 Gallows Road
P. O. Box 427
Merrifield, Virginia 22116

Subject: GS-11B-19066, Bid Package No. 2, Structural Steel and
Deck Delay Claim/Flooding of James River (Centex P-61
and P-108), Revision of Milestone Dates, CE #223

Gentlemen:

Reference is made to our Mr. Gary Lee and Mr. Arthur Carlucci's discussions with your [redacted] on August 12, 1986, in connection with the above subject and the following:

- A. Structural Steel Fabrication Drawings/approval, Bristol Steel claim.
- B. Flooding of the James River and disruption of Bristol's plant facilities and production.
- C. Contract deviation with respect to bi-weekly payments on activities not 100% complete.
- D. Delay in submitting monthly updated progress schedules with narratives (identifying potential problems, especially during claimed delay period) which denied the Government the opportunity to take action on the problem as it developed.

In addition, reference is also made to all previous correspondence relating to the subject matter.

1. Centex's claim notification (Structural Steel and Deck Delay) of September 11, 1985.
2. Centex's "Excusable Delays FAR 52.249-14" letter of November 16, 1985.
3. Centex's letter of February 6, 1986, Flooding Delay (36) days.
4. Centex's letter of April 10, 1986 urging resolution of the time issue as essential to rescheduling of job activities.
5. The meeting of April 16, 1986 with Centex and Bristol to discuss Bristol's claim. Government urged by Centex to "make an offer".
6. The Government's offer of April 31, 1986 to resolve issues.

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Following the Government's offer of April 21, 1986, several informal discussions/meetings were held with the Contractor regarding the Government's offer. Some of the items discussed and questions raised included:

Why didn't the Government add the excusable delay time at the end of the contract period? Some subcontractors had accepted the Government's offer as made; others were looking for compensation. Some dollar amounts were suggested. The Government was willing to grant time to the Contractor which would relieve the threat of liquidated damages being assessed against the Contractor in the event of failure to achieve the contract specified delivery dates, but was unwilling to agree to compensatory time because of the reasons stated in our letter of April 21, 1986.

Finally, on August 12, 1986, you were advised by the writer that the Government would withdraw its April 21, 1986 offer, make a new time/settlement grant, and at the same time, the Government agreed to "resume" processing progress payments on less than 100% completed activities. We had previously advised you that after the processing of the last two progress payments (#27) and (#28), that the next progress payment (#29) would be processed on the contract specified basis. Your expressed concern was that this would be a hardship on the subcontractors and that the schedule would have to be revised to include many more activities and would be unwieldy.

Accordingly, and even though the writer has some reservations about the validity of using a given schedule to measure job progress that does not stand up to the interdependency test when being used for progress payments purposes, we will continue as a concession to the contractor, to make progress payments on less than 100% completed activities.

In addition, the following contract milestone dates are herewith revised as follows:

- I. Computer Space
(12-31-86) + 90 Days = (3-31-87)
- II. North Tower
(3-1-87) + 90 Days = (5-31-87)
- III. Headquarters Building
(7-1-87) + 70 Days = (9-9-87)
- IV. Bid Package #2
(8-4-87) + 36 Days = (9-9-87)

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You are herewith directed to immediately incorporate the above revised milestone dates together with all other logic changes that you have made into the next upcoming "Revised Arrow Diagram" as required by Lines 141 to 151 of the contract specifications.

Failure to comply with the above requirement not only denies the Government the full use of this contract required scheduling tool, but also denies the Contractor the use of the same scheduling tool. In the event that all of the contractually required CPM schedules, etc. are not prepared, submitted and properly updated, the Government accepts no responsibility for and lag in construction progress. The properly updated CPM data should indicate the current status of the project and enable the Contractor to take the appropriate action (increase construction manpower, increase construction equipment and/or reschedule sequences of activities) to improve the contractor's progress and substantially eliminate the lag in scheduling progress.

Sincerely,

Arthur J. Carlucci
Project Manager
Headquarters Expansion Project

AJC:nj

cc: Gary Lee
Buddy Smith
NBPO
SH&G